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MEMORANDUM

TO: All Insurance Carriers, Self-Insured Employers, Group Self-Insureds, Regulated Facilities and Medical Bill Vendors

FROM: William P. Emrick
Executive Director, Office of Workers' Claims

DATE: March 8, 2006

SUBJECT: 803 KAR 25:091 (Hospital Fee Schedule)

Pursuant to 803 KAR 25:091 the Kentucky Office of Workers' Claims is required to calculate adjusted cost-to-charge ratios for hospitals each calendar year. Enclosed is a list of revised cost-to-charge ratios to be applied to all hospital bills submitted for services rendered on or after April 1, 2006.

To apply the hospital fee schedule, payors should review the UB-92 billing form and documentation to ensure that charges arise from treatment of a compensable injury. The hospital charges should be reviewed to ensure that they are "fair, current, and reasonable for similar treatment of injured persons in the same community for like services, where treatment is paid for by general health insurers" per KRS 342.035. Once that has been done, the amount billed is then multiplied by the hospital's cost-to-charge ratio. This yields the amount due from the carrier or self-insured employer. Negotiated discounts, if any, may also be applied.

If you have any questions, please contact Carole Jacobs (502) 564-5550, Ext. 4445.

CC: Sue Barber, Director Ombudsmen and WC Specialists Services Division

